

Message Text

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DRAFTED BY TREASURY: DRMACDONALD, ASST. SECY.

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TO USDEL SALZBURG IMMEDIATE

C O N F I D E N T I A L STATE 127489

EXDIS

E.O. 11652: GDS

AGS: ETRD, OVIP (ROBINSON, CHARLES W.)

SUBJECT: COUNTERVAILING DUTIES UPON IMPORTS OF FLOAT

GLASS AND STEEL

PASS UNDER SECRETARY ROBINSON FROM SECRETARY OF
TREASURY SIMON

1. ACCORDING TO AP-DOW JONES WIRE STORY, YOU STATED
YESTERDAY IN BRUSSELS THAT U.S. WOULD NOT APPLY
COUNTERVAILING DUTIES UPON IMPORTS OF FLOAT GLASS AND
STEEL FROM EC COUNTRIES BUT WOULD DEAL WITH THESE PROBLEMS
SOLELY IN GATT MULTILATERAL TRADE DISCUSSIONS. WE TRUST
THAT YOU WERE MISQUOTED. IF YOU DID STATE THIS, THE
STATEMENT IS CONTRARY TO COUNTERVAILING DUTY LAW AS
AMENDED BY TRADE ACT OF 1974, WHICH SPECIFICALLY REQUIRES
SECRETARY OF TREASURY TO MAKE PRELIMINARY DETERMINATION ON
PENDING FLOAT GLASS CASES BY JULY 4, 1975, AND FINAL
DETERMINATION ON THESE CASES BY JANUARY 4, 1976. STEEL
CASES HAVE BEEN TEMPORARILY WITHDRAWN, AND ARE THUS NOT
BEFORE TREASURY AT THIS TIME. ALTHOUGH PROSPECTS ARE BRIGHT
FOR USE OF WAIVER AUTHORITY AND EVEN NEGATIVE DETERMINATION
BY TREASURY ON FLOAT GLASS COMPLAINTS AGAINST SOME
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COUNTRIES, OTHER COUNTRIES HAVE REFUSED TO SUPPLY

INFORMATION TO US AND WILL NECESSARILY RECEIVE POSITIVE
PRELIMINARY DETERMINATION ON JULY 4, AS DOMESTIC

COMPLAINANTS' ALLEGATIONS MUST BE ACCEPTED IN THESE CASES.

IF YOUR QUOTED STATEMENT ACCURATELY EXPRESSED U.S.
POSITION, LITIGATION BY COMPLAINANTS IS CERTAIN AND ANGRY
CONGRESSIONAL HEARINGS MOST PROBABLE, ALLEGING THAT
ADMINISTRATION HAS GIVEN AWAY COMPETITIVE RIGHTS OF ITS
CITIZENS IN VIOLATION OF SPECIFICALLY EXPRESSED WILL OF
CONGRESS.

IF NECESSARY, COULD YOU PLEASE CAUSE RETRACTION OR
QUALIFICATION OF YOUR ALLEGED STATEMENT, TO PREVENT
WIDESPREAD CRITICISM OF ADMINISTRATION. AT LEAST ONE PRESS
INQUIRY HAS ALREADY BEEN RECEIVED HERE.

2. FOR YOUR INFORMATION, FULL AP-DOW JONES WIRE STORY
FOLLOWS:

QUOTE. BRUSSELS...EC OFFICIALS WARN THE U.S. AGAINST
APPLYING ANY COUNTERVAILING DUTIES ON EC EXPORTS TO THE
U.S. OF STEEL AND FLOAT GLASS.
EC COMMISSION SOURCES SAID DURING THE TWO DAY TALKS WITH
U.S. OFFICIALS, THE EC WARNED OF SERIOUS CONSEQUENCE SUCH
U.S. ACTION COULD HAVE ON BILATERAL RELATIONS.

UNDER SECRETARY OF STATE FOR ECONOMIC AFFAIRS CHARLES W.
ROBINSON REPRESENTED THE U.S. IN THE SEMI-ANNUAL
CONSULTATIONS. EXTERNAL AFFAIRS COMMISSIONER SIR
CHRISTOPHER SOAMES SPOKE FOR THE EC.

ROBINSON TOLD THE PRESS CONFERENCE AFTERWARD THAT HIS
ADMINISTRATION DOES NOT INTEND TO APPLY COUNTERVAILING
DUTIES ON EC STEEL AND FLOAT GLASS EXPORTS AND AGREED WITH
SOAMES THAT ANY SUCH EC - U.S. PROBLEMS SHOULD BE DEALT
WITH WITHIN THE MULTILATERAL TRADE NEGOTIATIONS CURRENTLY
GOING ON IN THE FRAMEWORK OF THE GATT.

WHILE BOTH OFFICIALS COULD NOT GO INTO DETAILS, OTHER
SOURCES SAID THE U.S. STEEL INDUSTRY MAY SEEK APPLICATION
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OF IMPORT LEVIES UNDER THE U.S. COUNTERVAILING LAW AGAINST
WHAT IT CONSIDERS SUBSIDIZED EC STEEL EXPORTS.

THE U.S. GLASS INDUSTRY IS ALSO UNDERSTOOD TO COMPLAIN
AGAINST SUBSIDIZED EC FLOAT GLASS EXPORTS, ARGUING THAT
REGIONAL AID EXTENDED IN THE EC AMOUNTS TO SUCH AN OFFICIAL
SUBSIDY.

THE EC COMMISSION SOURCES SAID CURRENTLY TOLD THE U.S. THAT
IT WOULD TAKE A VERY DIM VIEW OF ANY U.S. COUNTERVAILING
ACTION NOW AFTER THE COMMUNITY AGREED TO REMOVE ALL BUT A
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VERY FEW SUBSIDIES ON CHEESE EXPORTS TO THE U.S.

THE COMMUNITY HAS LONG MAINTAINED THAT THESE PROBLEMS
SHOULD BE DEALT WITH WITHIN THE CURRENT GATT TALKS.

ROBINSON AND SOAMES SAID THAT DURING THEIR TALKS THEY
RANGED OVER A WIDE AREA OF PROBLEMS CONCERNING BILATERAL
TRADE, GATT NEGOTIATIONS, RAW MATERIALS, ENERGY, CEREALS
AND TALKS BETWEEN OIL PRODUCERS AND CONSUMERS.

WITHOUT GOING INTO THE SUBSTANCE OF THEIR DISCUSSIONS,
BOTH OFFICIALS STATED THAT THE U.S. AND EC WERE GENERALLY
AGREED ON TACKLING ALL OF THESE PROBLEMS. SOAMES SAID THE
MAIN AIM OF THE TWICE A YEAR CONSULTATIVE TALKS WAS TO
PINPOINT AREAS OF POSSIBLE DISSENT AND TO DISCUSS THESE
ISSUES BEFORE THEY BECAME SERIOUS PROBLEMS.

ROBINSON SAID U.S. CONCERN OVER EC PLANS TO CONCLUDE AN
ECONOMIC COOPERATION PACT WITH CANADA HAD BEEN DISPELLED
DURING THE TALKS AND THAT HE DID NOT SEE ANYTHING
OBJECTIONABLE IN AN EC - CANADA ACCORD.

U.S. OFFICIALS HINTED THAT THERE WAS SOME CONCERN IN
WASHINGTON OVER POSSIBLE DISCRIMINATORY ELEMENTS, SUCH AS
TRADE PREFERENCES, IN THE PROJECTED EC - CANADA AGREEMENT.

ON STEEL, ROBINSON SAID HE DID NOT ANTICIPATE ANY
COUNTERVAILING ACTION BY THE U.S. ADMINISTRATION BECAUSE
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WITH THE RECOVERY OF THE ECONOMY, STEEL CONSUMPTION WILL
PICK UP AND HE FORESAW A 15-20 MILLION TON SHORTAGE BY
1980. END QUOTE. INGERSOLL

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